

**PX 488**

## Hodor's XRP Blog

# XRP: The Best Crypto Choice for Long-Term Investors

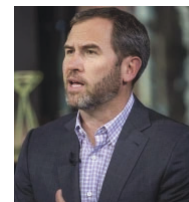
The pivot was quiet.

Ripple is a fast-moving, decisive private company, which means that it can respond to opportunities and threats much faster than other types of organizations like nonprofit foundations or a decentralized network of developers. They don't have to run things by a committee; if they believe that a change in focus is needed, or a re-ordering of steps in the building of the next global payments network, they can simply act on it.

And they *did*.

Brad Garlinghouse might be the author of the Peanut Butter Manifesto, but he also knows when a strategic shift in resources and battle plan is in order.

Banks are reluctant to experiment with digital assets for the moment. Right now, remittance companies are blazing the trail across the landscape when it comes to using XRP to lower their payment processing cost, and settle cross-border transactions in real-time. Banks will come around only after the regulatory landscape is cleared of potential issues. In the meantime, xRapid is moving forward, but not in the order that most analysts expected.



## Ripple's Pivot to Internet Companies, Remittance Processors, and Micropayments

Instead of banks bravely forging the way, they acted as they always have – with timidity towards new technology, and with a conservative “I’ll wait to see what happens” mindset towards digital assets. In the meantime, Ripple’s strategy is following these steps:

1. Build out the **banking network** with RippleNet via ILP solutions (xCurrent & xVia)
2. Pilot xRapid with **remittance** processors (xRapid)
3. Support new use cases for XRP through Internet **companies** (Xpring)
4. Support new use cases for XRP through enabling **micropayments** (Coil)

Once the regulatory landscape has a number of rulings and case law, the last step can be accomplished: Integration of xRapid into the correspondence banking system.

This strategy reflects a very pragmatic view towards building out the network of organizations that currently use XRP as a bridge asset, and as a form of settlement. The entire XRP network is growing in average daily volume year over year; however, much of this volume is based on trading and speculation in the crypto market as a whole; the utility-based demand has not yet shown itself in a noticeable way.

The first step – building out the banking network with ILP solutions – has been under way for more than a year, and banks are signing up at a fast clip. Ripple has branded its ILP-based solution as “xCurrent.”

## Banks Love xCurrent

In the SWELL conference last year, banking executives and staff indicated that they were very enthusiastic towards blockchain technology in general, and that they wanted the ability to do what xCurrent allowed them to do – settle cross-border transactions with other banks in the RippleNet network at a very lost cost – all in real-time.

However, they indicated that they were not going to forge ahead with utilization of XRP until the regulatory landscape around digital assets – and cryptocurrencies – was more well-established. This made sense to me when I heard those comments; banks are conservative, and they need to have a well-established path to using proven technology before many of them are comfortable with it.

In the meantime, Ripple has signed up well over 100 banks so far, with new announcements seemingly every week; it's so frequent that Ripple has taken the tact of announcing new customers in batches.

## xRapid Pilots

After Ripple branded their XRP-liquidity-sourcing solution as **xRapid**, most XRP owners started to closely follow which of Ripple's customers might use it to address Nostro-Vostro account replacement. After all, the initial cost analysis paper from years ago had studied correspondence banks' cost of payment processing across borders, and the cost savings implied a replacement of Nostro-Vostro account holdings as part of the promised cost savings.

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\* Pilot complete: Entering production usage of xRapid

[2345678910](#)

This is great news for XRP owners; remittance processors should add enormous volume to the XRP ecosystem. XRP is the undisputed leader in digital assets that are capable of supporting global transaction levels, and these companies have done their homework.

## Xpring

Ripple saved several high-profile business announcements for Blockchain Week in New York City. One of those was the introduction of Xpring. Similar to the RippleNet Accelerator Program, Ripple is using its treasury holdings of XRP to stimulate development on the XRP Ledger. In their own words:

*"Xpring is a new initiative by Ripple that will invest in, incubate, acquire and provide grants to companies and projects run by proven entrepreneurs.*

*Every entrepreneur will use the digital asset XRP and the XRP Ledger, the open-sourced, decentralized technology behind XRP, to solve their customers' problems in a transformative way."*

Basically, Xpring will finance the development of projects that run on the XRP Ledger.

Not only that, but Ripple is making it crystal clear – to entrepreneurs who want access to the incubator funds – and to XRP investors – that this program will *require the use of XRP*. It's exactly what the XRP community wants to hear, as these projects should do the job of increasing demand organically. So what type of companies is Ripple looking to assist with financing and resources? Here is a brief statement: [18](#)

*Question: "Do you support just companies or individuals as well?"*

*Answer: "We're focused on investing in projects with needle-moving business plans. Those projects may be existing companies with proven success or new companies founded by entrepreneurs with great track records building successful companies."*

I interpret this as an astute communication informing interested parties that the program is not a free-for-all, and that Ripple is going to have some very specific requirements before considering a project for inclusion in Xpring. That being said, there are a number of community-driven projects and applications that probably are worthy of consideration, in addition to those that are considered formal businesses or stakeholder organizations.

## A DEDICATED INTERNAL RIPPLE TEAM

Prior to Xpring's announcement, we'd heard about some significant investments made by ripple. This included a massive infusion of capital to Omni, a household storage and sharing application that runs on mobile devices. However, these investments were announced as one-off decisions that indicated a "fire and forget" sort of approach similar to how venture capitalists approach new projects.

But Ripple's investments are different; they are specifically placed to encourage development using XRP, and because of this, it's not 'just about money' – Ripple has made the decision to create a new division within its company whose purpose is specifically to oversee these investments and then support the downstream integration of XRP into the financed businesses and projects: [11](#)

*"In order to offer the best support, we need a great team.*

*That's why we're bringing on Ethan Beard as a Senior Vice President to lead Xpring and Ripple's developer program. Before moving into an advisor role at several technology companies, Ethan served as Director of the Facebook Developer Network from 2009-2012, where he oversaw worldwide developer relations, operations and product marketing for the Facebook API."*

The team within Ripple that has been tasked with Xpring management is in charge of reviewing business opportunities that will **benefit XRP liquidity**. That's its purpose.

The importance of this development on future XRP liquidity cannot be overstated. In the last paragraph of their announcement, here's a hint that Ripple drops:

*"While the Xpring team is already vetting hundreds of amazing projects, they remain open to hearing from serious entrepreneurs and businesses."*

and then continuing on the new Xpring website: [12](#)

*"...These characteristics make XRP and the XRP Ledger game-changing innovations that entrepreneurs could apply across identity, trade finance, gaming and virtual goods, provenance, real estate, insurance, digital media and many more industries."*

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Remember Stefan Thomas's quote about getting into the specialty token use cases? That comment was made in response to a question on Quora in 2017.<sup>13</sup> In addition, The Xpring announcement was telegraphed by Brad Garlinghouse at Asia Money 2020 when he stated:<sup>14</sup>

*"We, Ripple, will stay focused on solving that institutional use case, but we would certainly partner with companies that are looking to use XRP in lots of different ways."*

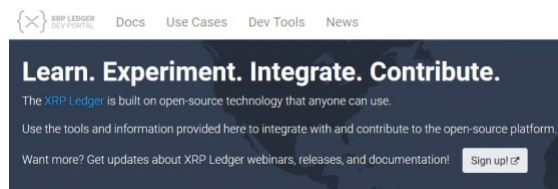
Subsequent to these statements, it's apparent that Ripple is following through in a very major way. Here are the use cases that are *explicitly mentioned* on the Xpring website:<sup>15</sup>

- Identity Management
- Trade Finance
- Gaming
- Virtual Goods
- Provenance
- Real Estate
- Insurance
- Digital Media

This list brings to mind a variety of areas where new market entrants could add significant demand – and liquidity for – XRP.

## NEW DEVELOPMENT PORTAL

All of these use cases will require a massive building effort on the part of third parties and new businesses. To support this increased level of development, Ripple recently redesigned its [developer portal website](#) to accommodate for ease-of-reference:



If you're a developer, this redesign is welcome news; the old site was also quite functional, but the new design sports a more modern look and feel, along with an intuitive navigation style. It was a good step for Ripple, and it allows stakeholders to quickly locate resources to help them address questions or obstacles.

## RIPPLE'S GOAL WITH XPRING: MAKE XRP A ONE-STOP SHOP

Perhaps you run your own company. If that's the case, then you can identify with having to deal with limited time and resources to get things done. And you can also identify with the benefits of the "KISS" principle: In business, "KISS" stands for "Keep It Simple, Stupid." It's a phrase that is jokingly quoted when solutions to problems become too convoluted to execute or maintain.

In business, it also pertains to a lessening of complexities in areas where your business is not strong – like developing software, for example.

When banks, financial institutions, and other large businesses opt to incorporate blockchain technology into their business, will they want to deal with four or five different companies – and specialty cryptocurrencies – or will they prefer to deal with one company? You already know the answer – and so does Ripple.

## Coil

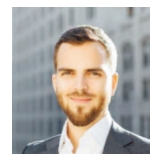
While Xpring's purpose is to start out new businesses that will significantly grow demand for XRP, one of its projects should be considered in a league of its own.

### What is Coil?

Stefan Thomas is the creator of the concept. He envisions a new type of Internet experience for those that want to opt out of invasive advertising and other current models of content financing. Stefan Thomas wants to allow Internet browsers (people and their browsers) to be able to access and pay for content and services without human interaction.

It's a revolutionary idea, but he thinks it just might work.

I've talked about the concept of "pay-for-content" in other blogs, but suffice it to say that, in order for this concept to work – and work with XRP no less – we have to be able to configure browsers to do this. Currently, even the new W3C Consortium's "Web Payments" API is not enough. According to Stefan Thomas:<sup>16</sup>



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So, essentially, Coil has its work cut out for the foreseeable future. Their path must include:

- Championing a new [Web Monetization](#) Standard for browsers
- Building the API for Web Monetization
- Integrating the API with Browsers

It's an audacious goal, and one that will be challenging from a code perspective as well. The API(s) will need to integrate with the Interledger Protocol (ILP). Stefan Thomas once again set the bar very high for Coil's eventual micropayment solution:

*"With the technologies we've helped build at Ripple — [XRP](#) and [Interledger](#) — we can process trillions of transactions per second without any central authority."*

While I knew that Payment Channels were horizontally scalable, to hear the former CTO of Ripple talk about "trillions" of TPS is amazing. Currently, XRP supports up to 1,500 TPS on-chain, but XRP Payment Channels can scale horizontally, and was clocked at **over 50,000 TPS** in its initial load tests. *Trillions* is a number of orders of magnitude above even *that* number; perhaps he was only talking about ILP speed, but suffice it to say that it will be fascinating when Coil publishes the first version of its API!

Coil Website: <https://coil.com/>

## Impact on XRP Demand and Liquidity

Let's review what just happened:

1. Ripple created an internal company division with the specific goal of funding and championing external third-party projects that directly use XRP in some way.
2. Xpring funded Omni, which will use XRP for settlement
3. Xpring funded Coil, which will build new ILP APIs that will utilize XRP for micropayments
4. Coil was formed by the former CTO of Ripple, and includes an impressive team out of the gate: at least 2-3 former Ripple architects and developers will be joining Coil

These announcements were all planned for Blockchain week in New York City; Ripple saved these announcements, kept them quiet in top-secret fashion, and then successfully announced them on the first day of Blockchain Week. It's a demonstration of how important they viewed these communications.

## Xpring Will Supercharge XRP Liquidity

Will projects from Xpring happen overnight? No. They will take time to design, build, and deploy. Coil will need to work with the W3C (World Wide Web Consortium) to convince other stakeholder groups that adding support for Web Monetization is the right thing to do. Businesses like Omni that plan to use XRP will need to make it easy for customers. All of these efforts take significant time and effort.

For those that are tempted to judge individual projects' impact on volume: It's not just one project or application adding liquidity to the XRP ecosystem; its about making it easy for others to build on XRP and add new viral apps on their own.

## Can Apps and Other Use Cases Add Significant Liquidity?

In a word, yes. The case study for this is Ethereum.

While XRP was targeting its payment use case with laser intensity for multiple years, Ethereum was focused on building apps (DApps) on its blockchain, and supporting ICOs (initial coin offerings). While these sources of activity are nowhere near the amounts of liquidity that we'd expect from business use cases such as remittance processing, correspondence banking, or ForEx trading, look at the effect on Ethereum volume: <sup>17</sup>

*"CryptoKitties, an online game that debuted on Nov. 28, is now the most popular smart contract — essentially, an application that runs itself — on ethereum, accounting for 11 percent of all transactions on the network."*

You may snicker at "Crypto Kitties," but the application literally caused performance issues on the Ethereum network because its popularity.

This constant foot traffic through the Ethereum network has increased the daily volume for its token substantially; while Ethereum may be a slow network compared to XRP, it's a case in point when trying to understand what you should expect from new use cases on the XRP Ledger; gradual but steady increases in daily volume.

## Daily Volume Contributions in XRP

When we take a look at the entire XRP ecosystem, and then factor in these new future sources of liquidity, we can see a massive swell of demand incoming.

I decided to chart out a conservative scenario all the way to 2021, starting with the current proportions comprising XRP volume, then I gradually progressed the possible shift in volume composition as new sources of liquidity come online: <sup>18</sup>

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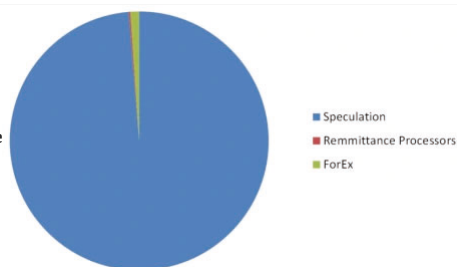
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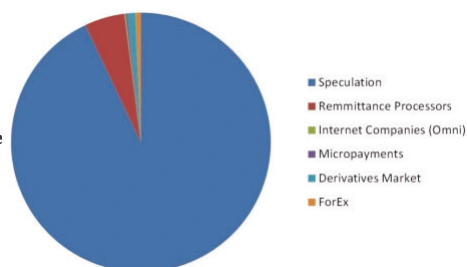
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2018 – \$400 million average daily volume



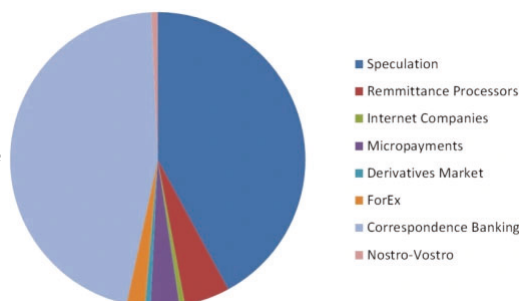
- Organic Speculation
- Some Remittance Processors
- ForEx (arbitrage between exchanges & market making)

2018-2019 – \$3.3 billion average daily volume



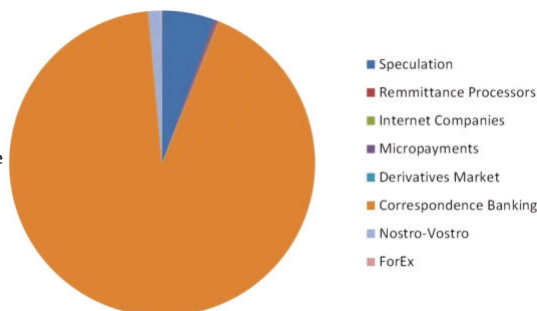
- Organic Speculation Growth
- Remittance Companies
- Internet companies (starting with Omni)
- Micropayments (using Coil APIs)
- Derivatives Market (banks and others using Codius)
- ForEx (arbitrage between exchanges & market making)

2020 – \$11 billion average daily volume



- Organic Speculation Growth
- Additional Internet companies
- Micropayments – additional companies
- Additional Derivatives
- Correspondence Banking – 1<sup>st</sup> Adopter Banks
- Nostro-Vostro Replacement – 1<sup>st</sup> Adopter Banks

2021 – \$270 billion average daily volume



- Organic Speculation Growth
- Additional Derivatives

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To view the detailed analysis for the above volume scenario, please refer to the XRPhat forum: <https://www.xrphat.com/topic/23782-volume-scenario-analysis-2018-2021/>

## Ripple's Track Record

Things to keep in mind when looking at these additional future sources of liquidity:

- Does Ripple have an established and well-documented history of accomplishing what it sets out to do? **Yes.**
- Does Ripple do things quickly? **Yes.** They do things quickly and with high quality – a combination not ordinarily found paired together in technology.
- Does Ripple have the resources to make good on their investments? **Yes.** According to their own published XRP reports, they *should* have as much cash on hand as four large-sized ICOs.

Traditional investors looking to add crypto to their portfolio will be looking at the cryptographic networks with the strongest future prospects. When fund managers, bank executives, and CEOs look through the blockchain technology space, what will they find? Which company has the history and the reputation to back up its claims?

We know the answer to that question. Now consider which network has unequaled on-chain performance metrics.

Is there any doubt in your mind which digital asset that astute financial analysts and investors will be investing in? Do your homework; and after doing your own research, see for yourself if you agree with me: XRP is the only cryptocurrency with the characteristics that are necessary to support global levels of commerce for a wide variety of use cases and applications. Yes, it's the best cryptocurrency for settlement, but something tells me that speculators will soon prefer this digital asset over others for a store of value as well. ✕

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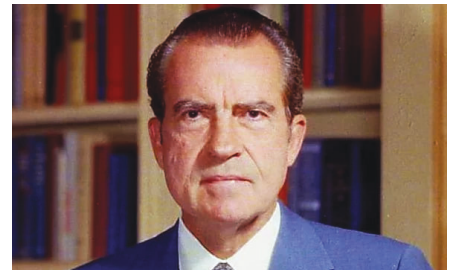
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 xrphodor / May 22, 2018

### 3 thoughts on "XRP: The Best Crypto Choice for Long-Term Investors"

 **Michael Zischek**

May 22, 2018 at 2:56 pm

interesting figures.. where do you get these percentages from? how do you know what's the percentag from remittances and from speculators?

 Like

 **xrphodor** 

June 2, 2018 at 9:31 pm

I assume you're referring to the volume analysis: All of the sources are in the link to XRP chat that I provided at the end of the blog. (The numbers in the blog correspond to the numbered sources).

If you navigate to XRPChat, you can see all of the sources for (most) of the volume analysis. There were a few instances where I had to extrapolate based on comparative businesses or industries.

 Liked by [1 person](#)

 **CRYPTO CRUSADER**

May 23, 2018 at 6:21 am

brilliant clip as usual, i always look forward to reading your material brother 7777, I agree with everything you stated, i have been researching and investing in XRP for just on 8 months now and if anything (as you well no) i think if certain activities which are taking place behind the scenes pan out, you may be a little heavy on the span of time it will take to achieve the above predictions. Don't laugh but i would be willing to bet that had Hillary won, we would not be anywhere near the point we find our selves at concerning the cryptosphere. What i am trying to say is thanks to the Donald factor, the powers that be are almost forced into adopting crypto and blockchain at a speed you wouldn't normally associate with government and or the financial industry, but what you must consider is this. I believe through my own research that because Hillary lost, the plans to bring the world into recession had to be canceled which in its self isn't that bad as it is a tactic that has been used many times over the years, problem is the global financial system is almost dead, which is why Russia and China are circling over the wounded USD. This is why i believe Ripple and all her world changing incredible products will be implemented a lot sooner than would normally be the case, if i am right this transition will be a moment in our history that will be remembered forever.

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